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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Twenty-second session

SUMMARY RECORD OF THE 547th MEETING

Held at the Palais des Nations, Geneva,
on Tuesday, 10 March 1981, at 3 p.m.

President: Mr. MARSHALL (United Kingdom)

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The meeting was called to order at 3.05 p.m.

PROCEDURAL MATTERS (agenda item 1) (continued)

(c) ELECTION OF OFFICERS (continued)

Election of Vice-Presidents

1. Mr. DIAZ CRUZ (Mexico), on behalf of the Group of 77, supported by Mr. Dabbagh (Kuwait) and Mr. Khasru (Bangladesh).

2. Mr. PROCH (Czechoslovakia), on behalf of Group B, supported by Mr. Kearney (UNDP).

3. Mr. Dabbagh (Kuwait), Mr. Khasru (Bangladesh) and Mr. Proch (Czechoslovakia) were elected Vice-Presidents by acclamation.

GENERAL STATEMENTS

4. Mr. KOBAYASHI (Japan), speaking, on behalf of Group B, said that, as projections published in December 1978, the Organisation for Economic Co-operation and Development (OECD) had forecast that the continued fight against inflation in the years 1979/1980 and the tight fiscal and monetary policies which the countries members of OECD considered indispensable for overcoming inflationary pressures and establishing a sound economic base for the future would have cost GDP in the area about 0.5 per cent lower than it would otherwise have been. It had been anticipated that the economies of those countries, led by private consumption, would make a recovery to reach an annual growth rate of about 3 per cent by mid-1980. While inflation had appeared likely to slow down, unemployment had been expected to rise sharply in virtually every country, to reach nearly 7 per cent of the OECD labour force.

5. At the time of their calculation, those forecasts had been considered optimistic, and the facts confirmed that it had been necessary to adopt stricter policies than had been foreseen, that unemployment was expected to rise more steeply practically throughout the area and that, although inflation would slow down, consumer prices were likely to grow at a rate of about 9 per cent in 1980.

6. The Group B countries were fully aware that that situation was likely, in the short term, to aggravate the difficult problems faced by many developing countries in their current account operations. Group B reaffirmed that it would continue to seek to create the necessary conditions for ensuring a rapid resumption of over-all economic growth in the general interest.

7. The problems of protectionism and structural adjustment were among the most important questions on the agenda. Sessional Committee III, established at the twenty-first session of the Board, had failed to produce an agreed framework to give effect to Conference resolution 131 (V), but it had narrowed the gap between the differing views of the regional groups while more clearly identifying the points of divergence. The Group B countries were prepared to engage in a further exchange of views at the present session in the hope of reaching agreement on UNCTAD's future work in that field and on arrangements to enable substantive questions to be tackled without further delay. The thoughts expressed by the Secretary-General of UNCTAD in his opening statement deserved thorough consideration on the part of all concerned.

26. The Group of 77 hoped that the Secretary-General of UNCTAD would take the necessary steps to implement Board decision 142 (XVI) and to convene a meeting of governmental experts to study problems of interdependence in international trade and monetary and financial questions, and that he would hold consultations on the subject.

27. The Group of 77 regretted that no progress had been made in the Board's work on Conference resolution 131 (V) on protectionism and structural adjustments. Restrictions on the exports of developing countries in sectors which were of importance to them and in which they enjoyed comparative advantage had been strengthened. Such restrictions had been intensified despite the repeated declarations of developed countries and of countries members of GATT which, in June 1984, had reaffirmed their determination to lift trade restrictions.

28. In the opinion of the Group of 77, the way to the solution of the problems of protectionism lay through the solution of structural problems, from which they originated. The industrialized countries themselves had recognized that problems of protectionism were closely linked with questions of structural adjustment. There was thus a convergence of views between developed and developing countries on important points, which should facilitate a constructive dialogue leading to agreement at the present session on machinery and methods for implementing Conference resolution 131 (V).

29. The Governments and United Nations Bodies concerned would have time at the present session to examine the studies submitted by the UNCTAD secretariat in accordance with operative paragraph 27 of Conference resolution 131 (V), with a view to convening meetings of experts in the sectors mentioned in draft resolution TD/B/C.6/L.30/Rev.1, referred to the Board by the Committee on Transfer of Technology.

30. The Group of 77 attached the greatest importance to its draft resolution TD/B/C.6/L.26 referred to the Board by the Committee on Transfer of Technology, as it believed that text would contribute to the implementation of a large number of recommendations on the technological transformation of the developing countries which had been endorsed by the Conference at its fifth session.

31. With regard to the rationalization of the permanent machinery of UNCTAD, the Group of 77 hoped that the negotiations on that subject would be concluded at the present session. The problem was not confined to material aspects, such as reduction of the length of meetings and control of documentation; it was also concerned with determining how UNCTAD could increase its effectiveness, as an instrument of the General Assembly, in seeking solutions to the many substantive problems within its mandate in the context of the new international economic order.

32. With regard to agenda item 8(a) relating to commodity trade and to the Integrated Programme for Commodities, both the Secretary-General of UNCTAD and the Group of 77 had at the preceding session, expressed doubts regarding the effectiveness of the Common Fund, whose functioning was dependent on the existence of a considerable number of commodity agreements. That condition, however, had not yet been fulfilled, because the developed countries had not only remained intransigent in the negotiation of new agreements or review of existing ones, but had even hardened their position in the negotiation of arrangements to ensure the stability of commodity prices. The Group of 77 hoped that the developed countries would alter their attitude.

economic and trade development of the developing countries and had further aggravated their economic difficulties and their indebtedness. The position of the least developed countries was even worse and the gap between them and the rich countries was accelerating widening. That state of affairs could not but cause serious concern in the international community.

40. There were many deep-rooted causes for the disorder and deterioration in the world economy, but the most important ones lay in the existing inequitable and unreasonable international relations. There was an objective and urgent need for transformation of the existing international economic structure. Although a number of developed countries and certain far-sighted personalities in the developed world maintained a dialogue with the developing countries, there were still a few developed countries which were doing their best to preserve the old international economic relations. Some countries had even repeatedly declared that they would refuse to undertake any liabilities. The Chinese delegation considered that UNCTAD should take practical and effective action to improve international economic relations and that all countries - developed and developing - should make a useful contribution in promoting global negotiations.

41. Everybody was aware that the world economic situation was closely linked with the political situation in the world. For the economies of the developing countries to develop speedily and for the world economy to revive and prosper a peaceful and tranquil international environment was required. It was also necessary to combat aggression, expansion, hegemony and control and occupation by superpowers.

42. Protectionism in international trade was now rife and was directly affecting the export of manufactures and of certain agricultural products. Many of the restrictive measures were directed at the developing countries. The latter had requested the developed countries to reduce their tariff and non-tariff barriers and to liberalize the entry of their exports so as to create the necessary conditions for an acceleration of their industrialization. Those demands were reasonable. In accordance with Conference resolution 131 (V), the Group of 77 had requested the preparation of a time-bound programme for phasing out all barriers to trade affecting imports from developing countries and of programmes of action for structural adjustment in specific promotion sectors, as well as measures to monitor and evaluate the action taken in that regard. Since no progress had been made in that respect at the preceding session of the Council, efforts in that direction should continue.

43. Despite such achievements as the Geneva Plan of Action, the Convention on International Multimodal Transport of Goods and the set of multilaterally agreed equitable principles and rules for the control of Restrictive Business Practices, very little progress had been made towards the establishment of a new international economic order and negotiations on individual commodities were marking time. The Chinese delegation hoped that the forthcoming session of the Conference would be able to complete the work on the formulation of an International Code of Conduct for the Transfer of Technology. It supported the efforts to strengthen UNCTAD's mandate and to rationalize its permanent machinery so that the organization could play an even more important role in the establishment of a new international economic order.

44. China was a developing socialist country with a relatively low level of economic development. It was at present in the process of adjusting its national economy in accordance with a policy based on a harmonious balance of the various sectors and laying primary stress on national effort. It was convinced that, in implementing its policy of "readjustment, restructuring, consolidation and improvement", it would maintain a continuous, steady economic development.

45. The Chinese delegation would join all the other delegations in the search for a solution to the problems of North-South relations and in efforts to promote the establishment of a new international economic order.

46. Mr. KRASNOV (Union of Soviet Socialist Republics) said that the twenty-second session of the Board immediately coincided with an unusual world economic situation, marked by an active campaign on the part of the advocates of cold war to revert to a policy of use of force and pressure and to jeopardize détente. International economic co-operation was inevitably greatly affected. The developments which had occurred since the fifth session of the Conference and the twenty-first session of the Board bore witness to the worsening of these negative trends. The capitalist economy had been upset by profound cyclic movements and by structural crises in a number of sectors such as energy and raw materials. Inflation was rising as a result of increased military expenditure. The number of unemployed was growing continuously and the monetary crisis was worsening steadily. Trading partners were therefore increasingly endeavouring to solve their marketing problems at the expense of others and, in that respect, the Soviet Union agreed with the analysis of the international economic situation made by the Secretary-General of UNCTAD in his opening statement. The economic crisis of the industrialized capitalist countries had had an impact on the economy of the developing countries, and on that of other countries as well. In the Soviet Union, for example, the solution of economic problems had been complicated by certain external factors such as the deterioration of the international economic situation, the escalation of prices and the slowing down of disarmament. The problems of economic and trade co-operation with which several speakers had been concerned were becoming more acute, and more urgent as a result.

47. One of the main subjects of concern in the area of international trade was the re-emergence of protectionism in many developed market economy countries. The USSR and the other Group B countries had stated their position in principle on that subject in their joint declaration submitted at the twenty-first session of the Board (TD/B/L.). Some of their proposals had been incorporated in resolution 171 (V) but it was regrettable to note that nothing had since been done to stop the rise of protectionism and that the recommendations by the international market economy countries had remained a dead letter. Protectionist measures were being taken in respect of an increasingly large number of products, now being applied in a selective manner and more often restrictive in economic blackmail. Economic relations were being used as a means of exerting pressure on other countries and there had even been some attempts at economic boycott. The Soviet Union and the other socialist countries accordingly attached the greatest importance to UNCTAD's efforts to combat protectionism. The recent deterioration in the situation called for new initiatives. In that respect, the role to be played by UNCTAD in protectionist and structural adjustment (TD/B/[illegible]) was important. Both through studies which it carried out and a current inventory which it made of the whole arsenal of protectionist measures, UNCTAD's action should be closely linked with the question of structural adjustment and measures aimed at establishing more strict control of transnational corporations. Moreover,

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UNCTAD could be successful in combating protectionism only if it conducted the struggle at all levels of the interdependent flows of international trade and, as the Secretary-General of UNCTAD had rightly mentioned, in the interest of all groups of countries.

48. With regard to the agreements which had emerged from the Multilateral Trade Negotiations, there was no very clear indication of the benefits they would bring for trade co-operation; negative effects were known to be found in some cases, and the question should therefore be kept on the Board's agenda.

49. The USSR viewed the future with optimism because of the success - both concrete achievements - of the Tenth Five-Year Plan of economic development which had just been completed. Yet all the goals had not been attained and substantial progress had been made, in particular with regard to foreign trade and to the strengthening of socialist integration in the framework of the Council for Mutual Economic Assistance. In particular, the USSR had strengthened its economic and trade relations with the developing countries and had steadfastly defended the right of those countries to control their natural resources. The idea that the economic development of the socialist countries was a payment for, and that the principles governing their relations with foreign countries were radically different, had a beneficial stabilizing effect on the economies of the developing countries and on the world economy as a whole. The USSR had strengthened its economic, trade, scientific and technical co-operation with the industrialized capitalist countries which were interested in that form of co-operation and its trade with those countries had more than doubled between 1971 and 1975. The results might have been generally better if certain Western countries had not been taking discriminatory measures, and resorting to the trade war as a political weapon. UNCTAD should actively promote co-operation in the development of international economic and trade relations.

50. The USSR was particularly interested in the coming forty-year Medium-Term Plan and the Programme Budget and hoped that, at the next session if that body, adequate resources would be released for the priority fields of activity of UNCTAD, in particular co-operation between countries with different economic and social systems. In that connection, it reaffirmed its wish to strengthen UNCTAD's authority, universality and means of action, and it expressed the hope that the work on rationalization of the organization's permanent machinery would be speedily brought to a successful conclusion.

51. The USSR's new development programme for the 1980s provided for a sustained growth of the economy and should make it possible to strengthen economic, trade, scientific and technical relations with the other socialist countries, with the developing countries - which the USSR would continue to assist in order to strengthen their economic independence - and with those capitalist countries which were prepared to establish mutually beneficial co-operation based on justice and equal rights.

52. The USSR would continue to participate in the solution of international problems in all fields, including raw materials, energy, food and the environment. It supported the proposal of the developing countries that global negotiations on the world economic situation should be held within the United Nations - a proposal which was still encountering the opposition of the imperialist powers which did not wish to renounce their privileges and intended to maintain the developing countries in a state of dependence.